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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY _____

Attorney for Plaintiff, FRANK DUFOUR, an individual

**UNITED STATES FEDERAL DISTRICT COURT,
CENTRAL DISTRICT OF CALIFORNIA**

FRANK DUFOUR, an individual,
Plaintiff.

v.

ROBERT ALLEN an individual,
ENLIGHTENED WEALTH INSTITUTE
INTERNATIONAL. L.C a Utah corporation,
ENLIGHTENED WEALTH INSTITUTE,
L.C. a Utah corporation, PROSPER INC, a
Utah corporation, GREEN PLANET f/k/a
FREEDOM MORTGAGE, an unknown
business entity, PNC BANK f/k/a
NATIONAL CITY, an unknown business
entity, OPTEUM n unknown business entity,
MIDLAND MORTGAGE COMPANY, an
unknown business entity, AURORA LOAN
SERVICES, an unknown business entity,
SHERSON LEHMAN, an unknown business
entity, CHARLIE PAYNE, an individual,
TRENT STAGGS, an individual and DOES 1
through 10 inclusive,

Defendants.

Case Number:

Complaint For:

- 1) Fraud and Misrepresentation
2) Negligence;
3) Breach of Contract;
4) Recession with Constructive Trust;
5) Declaratory Relief.

Plaintiff, FRANK DUFOUR, an individual, (hereinafter referred to as "plaintiff") alleges:

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GENERAL ALLEGATIONS:

1) Plaintiff is an individual, residing in the State of California, County of Los Angeles.

2) The jurisdiction of this Court over the subject matter of this action is predicated on 28 USC §1332. The amount in controversy exceeds \$75,000.00, exclusive of interest and costs.

3) Plaintiff is informed and believes and herein alleges that defendant, ROBERT ALLEN is an individual residing in the State of Utah.

4) Defendant, ROBERT ALLEN promotes and conducts real estate seminars in the State of California, County of Los Angeles by and through his corporation entitled ENLIGHTENED WEALTH INSTITUTE INTERNATIONAL, L.C. (hereinafter referred to as "EWI"), a Utah corporation.

5) Defendant, ROBERT ALLEN also promotes and conducts real estate seminars in the State of California, County of Los Angeles by and through his corporation entitled ELIGHTENED WEALTH INSTITUTE, L.C. (hereinafter referred to as "EWI-2")

6) Plaintiff alleges that defendant, TRENT STAGGS is an individually who was the former branch manager of co-defendant, FREEDOM MORTGAGE (hereinafter referred to as FREEDOM) whose successor in interest is the named defendant, GREEN PLANET which is an unknown business entity. FREEDOM was doing business by arranging loans in the State of California, and in the County of Los Angeles.

7) Plaintiff alleges that the defendants, SHEARSON LEHMAN, an unknown business entity, PNC BANK f/k/a NATIONAL CITY are unknown business entities who were at all times entities obtained loans from TRENT STAGGS due to his relationship with each of these lenders in his capacity as either an employee or agent.

8) Plaintiff alleges that OPTEUM is an unknown business entity doing business in the County of Los Angeles, State of California.

9) Plaintiff alleges that MIDLAND MORTGAGE is an unknown business entity doing business in the County of Los Angeles, State of California.

1 10) Plaintiff alleges that PROSPER INC. is a Utah corporation doing business in the
2 County of Los Angeles, State of California.

3 11) Plaintiff alleges that defendant, CHARLIE PAYNE is an individual doing
4 business in the County of Los Angeles, State of California as a real estate appraiser.

5 12) Plaintiff is informed and believes and upon such information and belief alleges
6 that the defendants, named herein as DOES 1 through 100, are domiciled in the State of
7 California and/or doing business in the State of California; that the true organizational structure
8 and/or ownership of defendants' DOES 1 through 100 is unknown to plaintiff at this time.

9 Plaintiff is informed and believes and thereon alleges that the defendants named as DOES 1
10 through 100, whether individual, corporate or otherwise are unknown to plaintiff and therefore
11 plaintiff sues said defendants, DOES 1 through 100, by such fictitious names. Plaintiff will
12 amend this complaint when the true name(s) and capacity(s) of said defendants', DOES 1
13 through 100 have been ascertained.

14 13) Plaintiff is informed and believes and herein allege that each of these defendants,
15 including those herein named DOES are the agents, servants and employees of each co-
16 defendant, and in doing the things herein alleged each acted within the course and scope of such
17 agency and employment with full knowledge and consent of the remaining co-defendants.

18 14) At all times herein mentioned, unless otherwise expressly set forth herein,
19 defendants and each of them conducted business with plaintiffs and entered into contracts with
20 them within the County of Los Angeles, State of California and/or obligations upon which this
21 action is based, were incurred by defendants and each of them in above named Court District
22 and/or the defendants, and each of them resided in the above named Court district upon which
23 this action is based and obligation were incurred.

24 15) Defendant, ROBERT ALLEN (hereafter referred to as "ALLEN") by and through
25 his company EWI or EWI-2 (contacted the plaintiff via internet, on or about September 16, 2006
26 to attend one of defendant ALLEN's, wealth building seminars in which Mr. ALLEN was going
27 to select a few students to work along side of him and join his "success team" which was
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intended for those who wanted “to learn how to become a millionaire.” Defendant, ALLEN concluded his e-mail correspondence by asking “Are you ready to be our next millionaire success story?” After contacting representatives of EWI and going through a series of sham interviews it was determined that plaintiff was one of the select few to work directly with defendant ROBERT ALLEN. (Plaintiff is informed and believes and thereafter alleges that in reality these interviews were scam intended to wet the plaintiff’s appetite in order to entice him depart with his hard eared earnest money.

16) After being qualified plaintiff was told all he had to do was use ALLEN’S study materials, follow the guidance of his coaches and pay defendant ALLEN eight thousand (\$8,000.00) dollars to get started.

17) Plaintiff, FRANK DUFOUR, is a retired doctor, lives on fixed income and finding his income dramatically decreased, needed to look for a part-time career to supplement his retirement income. Plaintiff was ripe for ALLEN’S sales pitches, promising that if he strictly followed defendant ALLEN’s recommendations he would be the “**next millionaire success story**” and all he had to do was pay the defendant, ALLEN the \$8,000.00 fee which he did.

18) In turn defendant ALLEN referred plaintiff to co-defendant PROSPER, INC. (hereafter referred to as “PROSPER”) located in Provo, Utah. Plaintiff is informed and believes and thereon alleges that PROSPER is an affiliated company of defendant. ALLEN. Defendant, PROSPER provided the plaintiff with his study materials, assigned him a coach. This coach would then work with plaintiff via a series of ten (10) one on one coaching sessions and help him implement the “wealth creation system” as it was commonly called.

19) Plaintiff did in fact receive a series of weekly coaching sessions provided by one of PROSPER’S employees, who identified himself as TODD BENSON (hereafter referred to as “BENSON”. BENSON coached plaintiff an hour a week for a period of ten (10) weeks. Near the end of the ten week period BENSON told plaintiff that they could help the plaintiff get started implementing ALLEN’s “wealth creating system” by referring him to someone who could locate income producing properties and help him obtain financing so that plaintiff could

1 purchase these properties.

2 20) Plaintiff was referred to a person identified as EMILY MERKLEY (hereafter
3 referred to as "MERKLEY") who BENSON represented to plaintiff was a former student of
4 ALLEN's and was one of the success stories who now was employed with a company entitled
5 CFE Mortgage (hereinafter referred to as "CFE").

6 21) Plaintiff contacted MERKLEY believing she would help them procure properties
7 as stated by BENSON. MERKLEY represented herself as one of the principal owners of CFE
8 Mortgage. MERKLEY affirmed what plaintiff had been told by defendant BENSON, that she
9 could locate properties for him to invest in, finance the purchases and then help him manage the
10 properties. Thereafter MERKLEY began sending via e-mail, the plaintiff, information on various
11 properties. All of these properties which MERKLEY sent plaintiff information on were located
12 outside the state of California.

13 22) After a few weeks of this, MERKLEY referred plaintiff to a person identified as
14 KENNY GREGG (hereinafter referred to as "GREGG") who MERKLEY represented was
15 another student of defendant ALLEN, and had worked with her. MERLELY told the plaintiff
16 that GREGG could arrange and facilitate the purchase of several properties MERKLEY had
17 provided plaintiff and in particular several properties located in Jackson, Mississippi which were
18 available for sale according to MERKLEY and were "well below market value".

19 23) GREGG represented to plaintiff that if he purchased the Jackson, Mississippi
20 properties plaintiff would make between \$100.00 and \$150.00 beyond taxes and expenses per
21 month in cash flow. Additionally, as an incentive to purchase these properties GREGG told
22 plaintiff that these investments would increase in value between 3 and 7 percent annually.
23 Pursuant to these conversations and the representations made by GREGG the plaintiff was
24 excited about the prospects of purchasing these properties.

25 24) In subsequent telephone conversations with GREGG about the Jackson,
26 Mississippi properties, GREGG told the plaintiff that these four (4) single family residences
27 which were tenant occupied and "fully rehabbed;" thus, if plaintiffs purchased several of the
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1 houses he had for sale they all had "equity" already built into them for positive cash flow.
2 GREGG stated that he needed to sell these properties quickly in order to "free up some funds for
3 another venture" he was involved in. He stated that surrounding area maintained a 90%
4 occupancy rate and that if plaintiff purchased these properties it would be like buying them
5 "wholesale" at the current market rate. GREGG e-mailed plaintiff property profiles in which it
6 was documented that the rentals of similar properties in the areas were generating between
7 \$450.00 and \$650.00 per month in gross income with a 90% occupancy rate.

8 25) Enticed by the information provided and believing that everything seemed like it
9 was going forward according to defendant, ALLEN's plan. Plaintiff received appraisals from an
10 appraiser identified as CHARLAY PAYNE. These appraisals identified the properties actual
11 value as that which had been represented to plaintiff the properties were worth. As a result on or
12 about November 15, 2006 MERKLEY e-mailed the plaintiff a *purchase offer agreement* to buy
13 two (2) of the Jackson, Mississippi properties through GREGG with estimated escrow closing
14 within thirty (30) days. Defendant GREGG shortly thereafter e-mailed plaintiff four (4)
15 additional purchase offer agreements for an additional four (4) properties located in Jackson,
16 Mississippi which the plaintiff did. Plaintiff received

17 26) The shortly thereafter plaintiff was enticed to purchase two (2) more additional
18 properties, which defendant, GREGG told plaintiff would be "flipped" right away. Plaintiff
19 purchased these properties in Jackson, Mississippi for \$135,000.00 a piece.

20 27) At that time plaintiff owned eight (8) properties in Jackson, Mississippi.

21 28) Defendant GREGG told the plaintiff he could help him obtain financing for these
22 properties because he also worked as a loan agent named defendant TRENT STAGGS
23 (hereinafter referred to as "STAGGS") who was a loan broker for CFE MORTGAGE and also
24 the STAGGS MORTGAGE GROUP. Thereafter plaintiffs did pursue financing through
25 GREGG, STAGGS and CFE MORTGAGE.

26 29) Defendant, STAGGS later arranged financing for the properties which were
27 purchased by plaintiff through defendants, MILENIUM HOME LOANS, OPTEUM
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1 FINANCIAL SERVICES and later through MIDLAND MORTGAGE. Plaintiff further alleges
2 and herein believes that STAGGS, was at all times the driving force, behind these deals, who
3 controlled all information that was provided to plaintiff by MERKLEY and GREGG, including
4 but not limited to the property profiles, appraisals, loan information and strategies that were
5 made by MERKLEY and GREGG to entice the plaintiff to purchase these properties.

6 30) On or about June 20, 2006 and thereafter using the plaintiff's money and credit,
7 GREGG with the help of defendant, STAGGS ended up selling numerous Jackson, Mississippi
8 properties to plaintiff.

9 31) In December 2006 having not received the promised income necessary to become a
10 millionaire plaintiff was enticed again to enter into a property management agreement with a
11 person identified as JOHN BEEL (hereinafter referred to as "BELL") and defendant STAGGS
12 whereby they would effectuate the promised returns on plaintiff's investment. BELL and
13 defendant, STAGGS would collect a fee each time they rented out one of the properties and
14 actively manage the properties for the plaintiff. Plaintiff paid defendant, STAGGS the sum of
15 \$50,000.00. BELL and defendant STAGGS did rent these properties; however they were rented
16 the properties to tenants via a series short-term lease agreements. The tenants vandalized
17 properties stealing such things as the air conditioning units, and other fixtures. As a result,
18 instead of making \$100.00 and \$150.00 per month as promised, plaintiff was losing money,
19 spending thousands of dollars making repairs to the damaged units each time a tenant moved out.
20 On the other hand defendants BELL and STAGGS continued to collect their management fee
21 each time they moved a new tenant in and for their active management of these properties

22 32) In or about October 2007 it became evident to the plaintiff that he needed to sell
23 these problematic properties because they were costing him thousands of dollars to maintain. He
24 asked GREGG and defendant STAGGS to help him sell the properties; however plaintiff was
25 informed that the property values of these properties had substantially dropped and in the case of
26 one of the properties which plaintiff had purchased only a few months before for \$63,000 was
27 now only worth \$2,000.

1 33) After several months of unsuccessfully trying to sell the properties BELL dropped
2 out of sight taking with him \$6,000.00 of plaintiff's recently received repair money. Likewise
3 shortly thereafter defendant STAGGS stopped returning the plaintiff's phone calls and also
4 dropped out of sight.

5 34) In his efforts to recoup his losses plaintiff called defendants FREEDOM
6 MORTGAGE, and AURORA because defendant STAGGS worked for them as a branch
7 manager and in fact the majority of the loans that were done through STAGGS were procured
8 through FREEDOM MORTGAGE and AURORA.

9 35) Recently, plaintiff was informed that the universally loans packaged by defendant
10 STAGGS were in fact a scam, in that the defendant, STAGGS intentionally misrepresented the
11 true values of the properties by dramatically over-inflating the properties values. Plaintiff is
12 informed and believes and herein contends that defendant STAGGS using the persons identified
13 as MERKLEY and GREGG knew or should have known the true values of the properties.
14 Likewise plaintiff further alleges and believes that defendants FREEDOM MORTGAGE and
15 AURORA intentionally turned a blind eye to the loan applications tendered to them by STAGGS
16 even after it was determined the values of these properties were substantially overstated but
17 funded the loans anyways because defendant, STAGGS was a branch manager of these
18 companies.

19 A) Plaintiff has subsequently deeded these properties to DUFOUR
20 PROPERTIES, LLC for management purposes only. Plaintiff remains
21 responsible for all mortgage payments.

22 **FIRST CAUSE OF ACTION:**

23 **(Fraud/Misrepresentation against Defendant, ALLEN, STAGGS and Does 1-100)**

24 36) Plaintiff hereby re-alleges as fully set forth herein General Allegations of
25 paragraphs 1 through 35.

26 37) Plaintiff is informed and believes and thereon alleges that defendant, ROBERT
27 ALLEN who is in the business of conducting real estate conducts an aggressive marketing
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1 campaign via e-mail and other techniques to entice unsuspecting consumers to attend his so
2 called wealth building seminars throughout Southern California and the United States which he
3 sells from several hundred dollars to several thousand dollars.

4 38) In fact, plaintiff was contacted by defendant ALLEN through one of his e-mails,
5 asking whether the plaintiff was "ready to be our next millionaire success story?" and that
6 ALLEN was looking for a few "select" students to work along side him and join his "success"
7 team.

8 39) Plaintiff was then put through an interview to determine if he was serious and
9 willing to invest in his future. These interviews consisted of asking plaintiff questions about his
10 personal financial situation ALLEN's staff congratulated him on being selected for the program.
11 Plaintiff alleges these interview were in reality a sham only intended to find out how much
12 money plaintiff had and what kind of credit he had. At the time plaintiff was retired and needed
13 to find a way to supplement his fixed income. As a result, plaintiff paid the \$8,000.00 to ALLEN
14 for his coaching and wealth building system.

15 40) However when plaintiff was contacted by his coach BENSON, it turned out he
16 was not employed by ALLEN or his company, EWI but in reality another company identified
17 herein as defendant, PROSPER, INC. located in Provo, Utah. They supplied plaintiff with study
18 materials required by defendant, ALLEN and coaching ultimately received by plaintiff.

19 41) Toward the end of the ten (10) week coaching sessions BENSON offered to help
20 plaintiff get started by introducing him to MERKLEY, another student of the ALLEN wealth
21 building systems who was represented to plaintiff had succeeded using defendant, ALLEN's
22 method. After contacting MERKLEY she offered to send plaintiff property profiles on
23 properties to invest in and then she and her associates could help plaintiff acquire tenants and
24 manage the properties.

25 42) Ultimately, MERKLEY contacted the plaintiff telling him about GREGG. When
26 Plaintiff contacted GREGG he told plaintiff that he had four (4) properties that "he need to sell in
27 order to free up some funds for another investment he wanted to get into". He further stated that
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1 the price for all four properties was less than the cost of one property in California, and besides
2 "if he purchased all four properties it would be like he was getting the properties at last years
3 prices" and that acquiring these properties was like purchasing them for "wholesale" prices.

4 43) Each of the property profiles sent by MERKLEY and GREGG documented that
5 each property was in good condition having been recently rehabilitated and that it had a 90% or
6 better occupancy. As it turned out the property profiles and appraisals used to convince plaintiff
7 to buy the properties were prepared and produced defendant TRENT STAGGS.

8 44) Plaintiffs asked MERKLEY and GREGG what realtor he should use. Plaintiff was
9 told he did not need a realtor to transact these purchases and that since GREGG was the party
10 selling the properties, that GREGG, MERKLEY, and their associate defendant STAGGS could
11 represent both sides of the transaction.

12 45) Justifiably relying on the representations made by GREGG, MERKLEY and
13 STAGGS as to the values and condition of the subject properties plaintiff purchased the four (4)
14 properties from GREGG. Over the course of several months plaintiff's reliance on the
15 representations made to him led him to purchase the subject properties several times each time
16 acquiring financing through STAGGS based on the appraisals and loan applications produced by
17 STAGGS.

18 46) However as it turned out GREGG, MERKLEY, working through defendant
19 STAGGS, and STAGGS himself, materially misrepresented at all times facts relating to the
20 condition, occupancy, and value of each of the subject properties. In each instance the properties
21 sold to plaintiff were located in undesirable areas, were overvalued and in need of extensive
22 repairs. Likewise the tenants, who were rented the properties, were all section 8 tenants, who
23 would stay in the property for a month or two and then vacate the premises after vandalizing the
24 property. In the case of one property located on Texas Avenue, in Jackson, Mississippi it was
25 represented that the property was "recently rehabbed" with an appraised value was \$63,000.00.
26 However it turned out the value of the house was extremely overstated such that when plaintiff
27 tried to sell the property it was appraised at its true value of only \$2,000.00. As it turned out all
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1 the values of the properties sold to plaintiffs and each of them were similarly misrepresented as
 2 to their condition, occupancy rate, and true value.

3 47) As a result of defendant's and each of their fraudulent misrepresentations caused
 4 plaintiff to suffer hundred's of thousands of dollars in damages, while the defendants s and each
 5 of them made significant profits from fees and commissions generated from, management fees,
 6 sale and financing of the subject properties using plaintiffs money and credit.

7 **SECOND CAUSE OF ACTION:**

8 **(Negligence against all the Defendants and Does 1-100)**

9 48) Plaintiff hereby re-alleges as fully set forth herein General Allegations of
 10 paragraphs 1 through 35 of the General Allegations, and paragraphs 36 through 47 in the First
 11 cause of Action.

12 49) Plaintiff believes and hereby alleges that ALLEN, STAGGS and each one of them
 13 owed to plaintiff a duty of care to keep him from harm whether it was defendant ALLEN in
 14 representing that he was selecting plaintiff to work directly with him, to be the next "millionaire
 15 success story" or STAGGS who had a duty to represent the true values of the properties, the true
 16 condition of the properties, and the actual estimated profits plaintiff could realize from rentals
 17 from the properties plaintiff purchased. Likewise each defendant bank and mortgage company
 18 also owed plaintiff a duty of care to evaluate the appraisals and loan applications provided by
 19 defendant STAGGS on which they subsequently relied in lending the plaintiff nearly
 20 \$700,000.00 to purchase the properties and paying tens of thousands of dollars in commissions
 21 to defendant STAGGS.

22 50) Plaintiff believes and hereby alleges that each these defendants' breached their
 23 duty of care to him, in that each made material misrepresentations which they knew or should
 24 have known were false, and upon which falsity they knew or should have known would cause
 25 plaintiffs to suffer substantial losses.

26 51) Plaintiff further believes and herein alleges that lenders FREEDOM MORTGAGE
 27 and AURORA breached their duty to plaintiff in that each had a duty of care to scrutinize the
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1 loan applications prepared by defendant STAGGS, as the branch manager for each of these
2 companies that when they were submitted by plaintiff to these defendants for financing the
3 purchase of these properties and they had further duty to plaintiff to assure the information they
4 were provided by defendant, STAGGS was not only accurate including the information
5 STAGGS related to the value and condition of the properties they were financing.

6 52) Plaintiff further alleges and herein believes that defendant's and each of them
7 were the actual and proximate cause of plaintiff's damages in that but for, the defendant's and
8 each of their misrepresentations and/or failure to verify the accuracy of the information provided
9 them in making loans on the subject properties caused the damages sustained by the plaintiff and
10 that it was foreseeable that the defendant's failure and each of them to verify the accuracy of the
11 information provided them and the failure to accurately characterize the condition and value of
12 the subject properties would result in damage to plaintiff.

13 53) In fact plaintiff did sustain hundreds of thousands of dollars in damages caused
14 from defendants and each of their negligence in which defendant's and each them took their own
15 self-interests to get the fees, commissions and monies paid to them, from the sale and financing
16 of the subject properties purchased by the plaintiff.

17 **THIRD CAUSE OF ACTION:**

18 **(Breach of Contract against All Defendants and Does 1-100)**

19 54) Plaintiff hereby re-alleges as fully set forth herein paragraphs 1 through 35 of the
20 General Allegations, paragraphs 36 through 47 of the First cause of Action and paragraphs 48
21 through 53 of the Second cause of action as though fully set forth hereat.

22 55) Plaintiff believes and hereby alleges that the defendants and each of them
23 breached their contractual obligations of good faith and fair dealing to the plaintiff pursuant to
24 the holding of *Sutherland v. Barclays American Mortgage Corporation.*, (1977) 53 Cal App. 4th
25 299, 61 CalRptr2d 614, "In every contract there is an implied covenant of good faith and fair
26 dealing by each party not to do anything which will deprive the other of the benefits of the
27 contract, and a breach of this covenant by failure to deal fairly or in good faith gives rise to an
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1 action for damages.”

2 56) In the present case plaintiff paid defendant ALLEN \$8,000.00 to work with him
3 “one on one” so that he would be ALLEN’s next “millionaire success story;” however,
4 defendant, ALLEN referred plaintiff to PROSPER, INC. Defendant, ALLEN breached the
5 contract with plaintiff because ALLEN no longer performed his contractual obligation to the
6 plaintiff, instead ALLEN delegated his duties to his surrogates, defendant, PROSPER, INC,
7 BENSON, MERKLEY, GREGG, and defendant, STAGGS by panning off his responsibility to
8 work directly with plaintiff.

9 57) Defendants ALLEN and PROSPER, INC. further breached their contract with
10 plaintiffs by failing to oversee and control the actions of those they referred to plaintiff even
11 though each represented to plaintiff that they worked directly with defendant, ALLEN.

12 58) The covenant of good faith and fair dealing implied in all contracts requires the
13 defendants and each one to act honestly and make truthful disclosures and representations of
14 material fact upon which plaintiff could rely. Instead none of the defendants including the
15 mortgage companies and lenders who made loans to plaintiffs performed their contractual
16 obligations. In particular MERKLEY, GREGG and defendant STAGGS produced bogus
17 property profiles which grossly inflated the value of the properties purchased as well as the
18 condition of the properties and their occupancy rates. This information was then used by
19 defendant STAGGS to obtain various loans. None of the defendants, including the lenders even
20 questioned the misrepresentations contained in the appraisals or the loan applications submitted
21 to them.

22 59) Instead based upon this clearly bogus information the lenders provided plaintiff
23 financing. Nonetheless, it is well settled law that fraud vitiates consent and therefore plaintiff did
24 not assent to the loans he obtained and has therefore been damaged in an amount within the
25 minimum jurisdiction of this court. Therefore plaintiff seeks such legal and equitable remedies
26 sufficient to compensate him for the defendants’ and each of their intentional and deliberate acts
27 resulting from their breach of their obligation of good faith and fair dealing inherent in every
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1 contract.

2 **FOURTH CAUSE OF ACTION:**

3 **(Rescission of Contract with Constructive Trust against All Defendants and Does 1-100)**

4 60) Plaintiff hereby re-alleges as fully set forth herein paragraphs 1 through 35 of the
5 General Allegations, paragraphs 36 through 47 of the First cause of action, paragraphs 48
6 through 52 the Second cause of action and paragraphs 53 through 59 of the Third cause of action
7 as though fully set forth hereat.

8 61) Plaintiff alleges and herein claims that the fraudulent misrepresentations made by
9 defendants' and each of them are grounds for rescission of all contractual obligations owed by
10 them. It is well settled that fraud vitiates consent. As a result of the defendant's and each of their
11 fraudulent misrepresentations and/or omissions plaintiff could not have assented to any of the
12 transactions entered into between the parties because they did not possess accurate or truthful
13 facts upon which to base their agreement with the plaintiff.

14 62) The plaintiff believes and herein alleges that each and every misrepresentation
15 made by the defendants and each of them are cause for the plaintiffs to seek equitable remedy of
16 rescission. Rescission is the cancellation of a contract and return of the parties to the position
17 they would have occupied had the contract not been made.

18 63) Plaintiff seeks rescission of all alleged contracts entered into between himself and
19 defendants and each of them, in that each so called contracts entered into were entered into by
20 fraudulent means with malice on the part of the defendants and each of them. Had the plaintiff
21 known the truth behind the defendants schemes and misrepresentations he would never have
22 gone forward with the contracts presented to them.

23 64) Thus the plaintiffs seeks from the court to cancel, vacate and/or annul all said
24 contractual obligations entered into between plaintiffs and the defendants, and each of them, and
25 to return each party to the *status quo ante*, position they would have been in had these alleged
26 contracts not been entered into. Furthermore where rescission is not practicable or is unable to
27 make the plaintiff whole plaintiff is entitled recover exemplary and /or punitive damages against
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1 the defendants and each one arising out of the defendant's and each one of their fraud, malice
2 and misrepresentation.

3 65) Additionally, defendants and each of them received or caused mortgage payments
4 to be made by plaintiff. Plaintiff has made all payments in a timely manner and in accordance
5 with the terms of his loan agreements. However, defendants, and each of them caused said
6 payments to be made fraudulently and based on false representations.

7 66) Plaintiff believes and hereby alleges that to date he has made payments and/or lost
8 value due to the overstated value of the subject properties in excess of \$400,000.000. These loans
9 were based on property values and other information used to fund these loans that were grossly
10 exaggerated or which defendants and each one of them omitted or failed to disclose material
11 facts revealing the extent of damages and/or repairs needed to make these properties habitable.

12 67) Plaintiff believes and herein alleges that none of these payments and resulting
13 losses would have occurred but for the defendants and each of their negligence, fraud, breach of
14 Contract as alleged herein.

15 68) Plaintiffs believe and hereby allege that he made improvements to the subject
16 properties in excess of \$50,000.00 in addition to the mortgage payments they have made on the
17 subject properties. Plaintiff also believes and herein alleges that the defendant's benefited from
18 the repairs to the properties paid for by the plaintiff

19 69) Plaintiff also estimates his losses from defendants' overstatement of equity to be
20 \$300,000.00.

21 70) Plaintiff therefore seeks a constructive trust to rescind all alleged contracts with
22 the defendants and each of them to hold plaintiffs harmless from all further loan obligations and
23 to hold all payments made by plaintiff in as constructive trustee for the benefit of the plaintiff;
24 therefore the court should impose a constructive trust on defendants and each of them for all
25 monies paid by plaintiff in reliance on defendants' and each of their fraudulent misrepresent-
26 ations and negligence as herein alleged.

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FIFTH CAUSE OF ACTION:**(Declaratory Relief Against All Defendants and Does 1-100)**

71) Plaintiff hereby re-alleges as fully set forth herein paragraphs 1 through 35 of the General Allegations, paragraphs 36 through 47 of the First cause of action, paragraphs 48 through 52 the Second cause of action and paragraphs 53 through 59 of the Third cause of action and paragraphs 60 through 70 of the Fourth Cause of Action as though fully set forth hereat.

72) An actual case or controversy has now arisen between the plaintiff and the defendants, and each of them named herein concerning the written agreements he entered into as result of the defendant's and each of their fraudulent misrepresentations, breach of contract, breach fiduciary duty and conspiratorial acts committed against plaintiff, that includes but is not limited to: the amount of all mortgage payments made by plaintiff, cost of repairs/improvements made to the subject properties, the loss equity and overpayments made due to overstatement of the value of the said properties all of which are claims upon which plaintiff seeks declaratory relief.

73) As a result, plaintiff seeks declaratory relief to include restitution equaling \$50,000.00 paid by plaintiffs to defendants and plaintiff seeks relief of \$275,000.00 he paid for two (2) of the subject properties which have been found to only have nominal value, and \$20,000.00 in interest and \$10,000.00 in taxes paid for these two (2) properties.

74) Plaintiff alleges that defendants, and each of them, negligently allowed their representatives, agents and employees to make false and fraudulent statements in breach of the provisions of California Civil Code §2924.5 which caused the plaintiff to take actions detrimental to his interests.

75) Plaintiff alleges that the defendants and each of them had a fiduciary duty to the plaintiff, that the defendants, and each of them breached their fiduciary duty to the plaintiff in having put their own self-interests ahead of the plaintiff's.

76) Plaintiff alleges that the defendants, and each of them were involved in a civil conspiracy and that actions taken by these defendants was designed to frustrate the plaintiff in that the defendants and each of their material misrepresentations furthered their conspiratorial enterprise which depriving the plaintiff of the benefit of the bargain which he had intended as

1 result of the contracts plaintiff entered into with defendants, and each of them.

2 76) That as a result of defendant's actions, plaintiffs are entitled to have the court
3 declare, rescind and /or void all contractual obligations owed by the plaintiffs to all defendants,
4 due to the fraud and misrepresentations as alleged herein and that plaintiff returning the parties to
5 the status quo as if these transactions had not occurred.

6 **WHEREFORE**, plaintiff prays for judgment against the defendants, jointly and severally
7 as follows:

8 **ON THE FIRST CAUSE OF ACTION:**

- 9 1) For general and special damages according to proof at the time of trial;
- 10 2) For punitive and exemplary damages;
- 11 3) For attorney fees and costs as allowed by law;
- 12 4) For costs of suit herein;
- 13 5) For pre-judgment and post-judgment interest according to proof, and;
- 14 6) For such other and further relief as this court may deem just and proper.

15 **ON THE SECOND CAUSE OF ACTION:**

- 16 1) For general and special damages according to proof at the time of trial;
- 17 2) For attorney fees and costs as allowed by law;
- 18 3) For costs of suit herein;
- 19 4) For pre-judgment and post-judgment interest according to proof, and;
- 20 5) For such other and further relief as this court may deem just and proper.

21 **ON THE THIRD CAUSE OF ACTION:**

- 22 1) For general and special damages according to proof at the time of trial;
- 23 2) For attorney fees and costs as allowed by law;
- 24 3) For costs of suit herein;
- 25 4) For pre-judgment and post-judgment interest according to proof, and;
- 26 5) For such other and further relief as this court may deem just and proper.

27 **ON THE FOURTH CAUSE OF ACTION:**

- 28 1) A judgment by the court rescinding all contractual obligations owed by plaintiff's to
defendants, and that they hold plaintiff harmless from any future action.
- 2) For constructive trust to be imposed;

- 3) For attorney's fees and costs as allowed by law, and;
- 4) For such other further relief as this court may deem just and proper.

THE FIFTH CAUSE OF ACTION:

- 1) For declaratory relief as prayed for;
- 2) That the subject properties and an amount equaling the total of all payments made by plaintiff to defendants be held in constructive trust, and;
- 2) For an order compelling defendants reimburse plaintiff for all amounts paid on his behalf to fix, repair or otherwise make habitable said properties, and;
- 3) For the cost of suit herein, and;
- 4) For such other and further relief as this Court may deem just and proper.

Dated September 1, 2011

LAW OFFICE OF ANDREW JAY KULICK

/s/



Andrew Kulick, Esq.

Attorney for Plaintiff, FRANK DUFOUR

AO 440 (Rev. 12/09) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Central District of California

FRANK DUFOUR, an individual

Plaintiff

v.

ROBERT ALLEN,
(See attached)

Defendant

Civil Action No.

CV11-8054 CAS/SSA

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address)

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

ANDREW JAY KULICK
21704 West Golden Triangle Road, Suite 301
Saugus, California 91350-2617

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT



Signature of Clerk or Deputy Clerk

Date: SEP 28 2011

Andrew Jay Kulick, State Bar Number: 134567
% LAW OFFICES OF ANDREW JAY KULICK
21704 West Golden Triangle Road, Suite 301
Saugus, California 91350-2617
Telephone/Fax: (661) 253-1543
Internet:

Attorney for Plaintiff, FRANK DUFOUR, an individual

**UNITED STATES FEDERAL DISTRICT COURT,
CENTRAL DISTRICT OF CALIFORNIA**

FRANK DUFOUR, an individual,
Plaintiff.

v.

ROBERT ALLEN an individual,
ENLIGHTENED WEALTH INSTITUTE
INTERNATIONAL. L.C a Utah corporation,
ENLIGHTENED WEALTH INSTITUTE,
L.C. a Utah corporation, PROSPER INC, a
Utah corporation, GREEN PLANET f/k/a
FREEDOM MORTGAGE, an unknown
business entity, PNC BANK f/k/a
NATIONAL CITY, an unknown business
entity, OPTEUM n unknown business entity,
MIDLAND MORTGAGE COMPANY, an
unknown business entity, AURORA LOAN
SERVICES, an unknown business entity,
SHERSON LEHMAN, an unknown business
entity, CHARLIE PAYNE, an individual,
TRENT STAGGS, an individual and DOES 1
through 10 , inclusive,

Defendants.

Case Number:

Complaint For:

- 1) Fraud and Misrepresentation
- 2) Negligence;
- 3) Breach of Contract;
- 4) Recession with Constructive Trust;
- 5) Declaratory Relief.

Plaintiff, FRANK DUFOUR, an individual, (hereinafter referred to as "plaintiff") alleges:

///

AO 440 (Rev. 12/09) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Central District of California

FRANK DUFOUR, an individual

Plaintiff

v.

ROBERT ALLEN,
(see attached)

Defendant

Civil Action No.

CV11-8054(CAS/SSx)

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address)

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are:

ANDREW JAY KULICK
21704 West Golden Triangle Road, Suite 301
Saugus, California 91350-2617

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

SEP 28 2011

Date: _____

SUSANA P. BUSTAMANTE

Signature of Clerk or Deputy Clerk

SEAL

Andrew Jay Kulick, State Bar Number: 134567
% LAW OFFICES OF ANDREW JAY KULICK
21704 West Golden Triangle Road, Suite 301
Saugus, California 91350-2617
Telephone/Fax: (661) 253-1543
Internet:

Attorney for Plaintiff, FRANK DUFOUR, an individual

**UNITED STATES FEDERAL DISTRICT COURT,
CENTRAL DISTRICT OF CALIFORNIA**

FRANK DUFOUR, an individual,
Plaintiff.

v.

ROBERT ALLEN an individual,
ENLIGHTENED WEALTH INSTITUTE
INTERNATIONAL. L.C a Utah corporation,
ENLIGHTENED WEALTH INSTITUTE,
L.C. a Utah corporation, PROSPER INC, a
Utah corporation, GREEN PLANET f/k/a
FREEDOM MORTGAGE, an unknown
business entity, PNC BANK f/k/a
NATIONAL CITY, an unknown business
entity, OPTEUM n unknown business entity,
MIDLAND MORTGAGE COMPANY, an
unknown business entity, AURORA LOAN
SERVICES, an unknown business entity,
SHERSON LEHMAN, an unknown business
entity, CHARLIE PAYNE, an individual,
TRENT STAGGS, an individual and DOES 1
through 10 , inclusive,

Defendants.

Case Number:

Complaint For:

- 1) Fraud and Misrepresentation
- 2) Negligence;
- 3) Breach of Contract;
- 4) Recession with Constructive Trust;
- 5) Declaratory Relief.

Plaintiff, FRANK DUFOUR, an individual, (hereinafter referred to as "plaintiff") alleges:

///

JS 44 (Rev. 12/07)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON THE REVERSE OF THE FORM.)

I. (a) PLAINTIFFS
FRANK DUFOUR**DEFENDANTS**
ROBERT ALLEN, et al.

(b) County of Residence of First Listed Plaintiff LOS ANGELES
(EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant LOS ANGELES
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE LAND INVOLVED.

(c) Attorney's (Firm Name, Address, and Telephone Number)
LAW OFFICES OF ANDREW JAY KULICK
21704 West Golden Triangle Road, Suite 301
Saugus, California 91350-2617 Telephone/Fax: (661) 253-1453

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
☐ 2 U.S. Government Defendant
☒ 3 Federal Question (U.S. Government Not a Party)
☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury PERSONAL INJURY <input type="checkbox"/> 362 Personal Injury - Med. Malpractice <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs. <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input checked="" type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence Habeas Corpus: <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition		

V. ORIGIN

(Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
☐ 2 Removed from State Court
☐ 3 Remanded from Appellate Court
☐ 4 Reinstated or Reopened
☐ 5 Transferred from another district (specify)
☐ 6 Multidistrict Litigation
☐ 7 Appeal to District Judge from Magistrate Judgment

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

California Civil Code 2924.5

Brief description of cause:

Fraud & Misrepresentation, Negligence, Breach of Contract, Recession with Constructive Trust, Declaratory Relief**VII. REQUESTED IN COMPLAINT:**
☐ CHECK IF THIS IS A CLASS ACTION UNDER F.R.C.P. 23

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No**VIII. RELATED CASE(S) IF ANY**

(See instructions):

JUDGE

DOCKET NUMBER

DATE

09/28/2011

SIGNATURE OF ATTORNEY OF RECORD

FOR OFFICE USE ONLY

CV11-8054

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes
 If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes
 If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	Utah

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Los Angeles	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): _____ Date 9/28/11

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))